

**Statement of J. Read Smith, President
National Association of Conservation Districts
relative to the
Draft Farm Bill Concept Paper and Other Issues
Presented to the
Committee on Agriculture
July 19, 2001**

I. Background

Mr. Chairman and members of the subcommittee, I am J. Read Smith, a farmer from St. John, Washington and a conservation district supervisor from the Palouse Rock Lake Conservation District Board. Along with my wife and son, we run a small-grain farm and ranching operation in the Palouse Region of eastern Washington. I am President of the National Association of Conservation Districts and I appreciate your invitation to share conservation districts' reaction to the Draft Farm Bill Concept Paper developed by the Committee on Agriculture. Our particular interest is in the conservation section of the Concept Paper.

The National Association of Conservation Districts – NACD – is the nonprofit organization that represents the nation's 3,000 conservation districts and 17,000 men and women – district officials – who serve on their governing boards. Conservation districts are local units of government established under state law to carry out natural resource management programs at the local level. Currently, conservation districts work with NRCS and others to provide technical and other assistance to more than two-and-half million cooperating landowners and operators to help them manage and protect their land and water resources. Conservation districts encompass roughly 98 percent of the private lands in the United States.

I am here today to represent the views of those 17,000 conservation district officials. But more than that, as locally elected or appointed public officials, collectively we represent the American public; all of the constituents in the districts we serve. As we talk today about USDA's conservation programs and the next Farm Bill, I urge you to keep in mind that we are the people who work at the very point where the programs you authorize are delivered to the customers.

Mr. Chairman, the nation's 3,000 conservation districts appreciate the leadership and vision that you, Mr. Stenholm, Mr. Lucas and the Members of this Committee have provided in holding hearings early on and in developing recommendations that signal a strengthening of conservation in the Farm Bill. We recognize the difficult task the Committee faces in crafting the next generation Farm Bill. From research, to trade issues, to risk management and income support, no other committee in the Congress has a more difficult task than yours in arriving at equitable responses to the many challenges facing modern American agriculture.

While we recognize the many competing needs in the agriculture sector, we also know that conservation plays a vital role in ensuring the future health and vitality of the nation's private working lands. Since its enactment more than 15 years ago, the conservation title has evolved into a strong commitment from policymakers and the agricultural community to wisely manage and use the nation's natural resources.

The next Farm Bill, which the Committee is currently developing, presents an opportunity to re-energize that commitment and build on the foundation first laid in 1985.

Conservation districts support your proposal in the Draft Farm Bill Concept Paper to increase conservation spending. We believe the proposals in the draft represent a big step forward in addressing America's actual, on-the-ground natural resource conservation needs. Although we are making progress in protecting and managing the nation's private working lands resources, that task is never finished.

The CRP, WRP, WHIP and other land retirement programs have resulted in taking more than 35 million

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Before I share our new proposal for conservation on private working lands, however, let me respond to your request for feedback on the concepts outlined conservation section of your Draft Farm Bill Concept Paper.

II. Draft Farm Bill Concept Paper

We strongly support your recommendation to reauthorize the Conservation Reserve Program through 2011 with a 40-million acre enrollment cap.

Conservation districts also support the following policy changes on CRP:

- CRP should continue to use the enrollment process whereby land is bid into the program with a productivity-adjusted rental rate thus reflecting the true cost of the land.
- CRP should be balanced so that benefits, whether economic or environmental, occur over the full landscape of American farmland
- CRP should be used to help prevent urban sprawl by extending contracts to 30 years or perpetual easements.
- CRP enrollment should continue targeting through the Environmental Benefits Index (EBI) with those lands achieving a high benefit also achieving the highest rental payment.
- The EBI should be a product of the State Technical Committee and not designed as a “one size fits all” program criteria at the national level. States should retain the flexibility that will allow them to choose the criteria that give them a high EBI. For instance, if soil productivity and soil erosion are major concerns, the EBI should be structured to account for a mix of on-site as well as off-site soil erosion benefits.
- The CRP should be geared toward retaining long term retention of benefits once investments by the producer and the public are made. These enrolled lands should be retained in the pool of eligible lands and producers should be offered other incentives such as easements to retain them in the program. Easements should be paid for on the value of the land based on free market factors and not on the EBI or soil productivity index.
- The CRP should continue as a targeted approach as provided for in CREP if the state so chooses and provides a matching component to the targeting of federal funds. The original intent of setting aside 40 – 45 million acres of highly erodible farmland in a CRP should be retained.
- The goal of having 12.5 percent of the CRP acreage planted in trees should be increased with added incentives for the producer. Targeting those acres should be done at the local and state levels. Contract extensions of 10 years should automatically be offered to those who elect to plant trees rather than grass cover so producers can gain the economic benefit of planting trees at the end of 20 years.
- Haying, grazing and timber harvest on CRP lands should be prohibited unless those activities conform to a district-approved plan that will maintain buffers, benefit wildlife, improve cover quality and reduce erosion. Conservation districts urge Congress to accept recommended language proposed by USDA to amend CRP to allow high intensity, short-term livestock grazing as an authorized maintenance and management practice on CRP contract lands with the authority given to state FSA Committees and NRCS State Conservationists to set the timing and criteria of this practice.

- The contract provisions for CRP should not provide for an early out during the contract period since it was a mutually acceptable contract period at the time of signing. Early out provisions would further disrupt national plans to remove highly erodible, fragile or otherwise environmentally sensitive lands from production.
- Conservation districts are opposed to any land-use practice that will change the contract between the producer and the federal government or the agreed rental rate as originally established at the beginning of the contract.

We applaud your proposal to reauthorize the Environmental Quality Incentives Program through 2011 at a \$1.2 billion annual funding level. Requests from producers for assistance through EQIP have been overwhelming – far exceeding the amount of funds available and further stressing the already overburdened NRCS-conservation district delivery system. With this increased funding, EQIP has the potential to garner tremendous additional environmental benefits, and to reach out to many more producers, including those limited-resource farmers and ranchers who traditionally have not participated in USDA's conservation programs. It will also help producers who are facing a number of new regulatory requirements.

As a result of an NACD survey of more than 1,500 conservation districts, we have also identified additional revisions, both administrative and statutory, needed to make EQIP function more effectively and efficiently. We have shared our recommendations on administrative changes with USDA. The following are major legislative changes needed in the program:

Legislative Changes Needed to EQIP

- Remove prohibition on expenditures being made in the same fiscal year as a contract's execution.
- Provide for an annual practices component and contracts of less than five years in duration.
- Remove the 10-year limitation on EQIP contracts.

Conservation districts support extending the Wetlands Reserve Program through 2001 and providing for more than an additional 100,000 acres to be enrolled per year. In fact, to help achieve the nation's "no net loss" wetlands goal, we hope the WRP eventually will be expanded to allow for up to 250,000 acres to be enrolled annually.

We are also pleased with the Committee's proposal to re-authorize the Wildlife Habitat Incentives Program at \$25 million annually for 10 years. WHIP has been instrumental in helping landowners develop habitat for upland wildlife, wetland wildlife, endangered species, fisheries and other wildlife. We also hope this valuable program can be expanded to \$50 million annually.

Conservation districts support extending the Farmland Protection Program, as well. This voluntary, joint federal-state-local initiative has helped private landowners balance delicate urban-rural interface issues and protect important farmland threatened by conversion to other uses. It is increasingly clear that preserving farmland preserves quality of life for all citizens, including urban and urbanizing areas. As suburban populations continue to expand, the FPP will become even more critical to stabilizing vital food producing areas. We hope to see growth in this program to at least \$65 million annually.

We are extremely pleased to see the Committee's recognition of the importance of conservation technical assistance in helping producers address significant natural resource management issues by providing a stable source of additional funding through the Farm Bill. We believe this is an important step forward in beginning to address workload needs on the nation's private working lands.

Two years ago, we, along with several partners, including NRCS, collected extensive data on conservation workload needs through a National Field Workload Analysis (WLA). We requested from our field office network data on the number of staff years of technical support needed locally to carry out 29 core work elements each year. Many of these core work elements include Farm Bill objectives.

The national data collected through our WLA painted a stunning portrait of the private lands workload needs across the countryside. To effectively address the total resource needs on America's private lands would require 359,734 staff years of technical assistance from all sources. If stretched over a 10-year period, this would equate to 35,974 staff years per year, at a cost of nearly \$2.4 billion per year for technical assistance alone. We are just now completing a 2001 WLA and early indications are that the need has not gone down but has increased by 15 percent.

We commend the Committee for a commitment to increasing America's long-term investment in the technical assistance needed to apply more conservation on the landscape.

Conservation districts also commend the Committee for taking the first steps to address the nation's watershed infrastructure issues in concert with local sponsors. Project sponsors in the 500 active watersheds need the technical and financial assistance provided by NRCS to implement rehabilitation plans to meet current environmental, economic and safety needs. We strongly support your inclusion of funding for Small Watershed Dam Restoration \$15 million annually for the next 10 years.

There is strong support for your proposal to combine the Forestry Incentives Program and the Stewardship Incentives Program into a new landowner incentives program. The concept, originally developed by the National Association of State Foresters (NASF), the National Council on Private Forests, NACD and others will provide states with greater flexibility in determining how to meet national and local forestry conservation objectives through financial, technical and educational assistance to landowners. We support providing \$10 million annually and hope that number can grow as our commitment to conservation gains momentum as a national priority.

Although Resource Conservation and Development Councils are not included in the Committee's concept paper, they play an important role in rural development and natural resource conservation. There are 348 existing councils and 27 pending applications. Conservation districts recommend that the Committee provide permanent authorization for the program, as well as dedicated funding to support the existing councils and establish those areas where applications are pending.

III. A New Vision for Conservation

In addition to supporting the funding proposals contained in the Draft Farm Bill Concept Paper, conservation districts have themselves developed and offer for your consideration a new vision for conservation – one that builds both on past successes and expands assistance to all agricultural producers, not just those who raise program crops. Through a working task force comprised of a diverse group of conservationists, including a former chief of the NRCS, the president of a major land-grant university, farmers, ranchers, district officials and district employees, representatives from state conservation agencies and from private industry, NACD developed a comprehensive set of recommendations for the next Farm Bill.

In formulating our recommendations, the task force reached out to every conservation district in the nation for input on how our conservation programs are working now and what the workload needs are. We asked for suggestions for improving current programs, which are discussed above, and for new ideas to advance the nation's agenda for conservation. More than 1,700 conservation districts offered input into the recommendations.

We also contacted a wide cross-section of organizations with an interest in conservation to get their suggestions and comments. Fifty organizations responded, many with key suggestions and ideas on how we can work together to strengthen America's conservation agenda. We were encouraged to find that more than a few entertained thoughts similar to ours and we have incorporated many of their ideas into our recommendations. In fact, we have worked with the organizations represented on the panel here this morning.

The people we surveyed as well as those we talked to at conferences and meetings, in private conversations, through postal mail and email all shared a common commitment to the cause of natural resources conservation on private lands. They also shared a common message, and the more we listened, the more similar the message sounded.

From virtually everyone we talked to, the message was loud and clear that a new incentives program is also needed to encourage producers to implement conservation practices. Practices, such as conservation tillage, that not only benefit their operations, but also produce important public benefits such as better soil, cleaner water, cleaner air and more fish and wildlife habitat.

Based on the work of our task force, the results of the Workload Analysis Survey and other studies, what we heard from our partners and, most importantly, what we heard from producers and district officials, America's conservation districts believe the federal government needs to embrace a new approach to conservation on private working lands.

A new incentives program, fully funded and available to all producers, will go far to encourage producers to put more conservation on more of the landscape. We envision payments at various levels for producers who apply and maintain conservation practices, depending upon the extent and complexity of the conservation systems they install and/or maintain. The concept is very straightforward: The more conservation a producer puts on the land, the higher the incentive payment the producer receives.

Further, rather than creating program after program, each designed to focus on one element of the resource base, we need to adopt an approach that concentrates on the entire landscape and the needs of all producers. The focal point of this new way of doing business should be the producer's conservation plan, each one tailored to meet the specific needs of each individual operation. A key message of our new approach to conservation is: Conservation plans should drive programs, not the reverse.

Producers don't need the added headaches of having to choose from a limited set of program options in a vacuum. A better way would be to help them determine what is needed for their operations and then let local decision-makers recommend what program or programs are best suited to their conservation plan.

We also believe that state and local governments should have more involvement in priority setting and decision-making to provide greater flexibility in program implementation. Bringing the process closer to the local level will allow us to focus on getting conservation on the ground, rather than on "implementing programs." With more state and local involvement and decision-making, we can also better coordinate the existing tools in our conservation tool chest.

We believe the benefits of a new incentives program and a greater state and local role in its implementation would be tremendous. It would be cost-effective and provide needed coordination among current and future conservation initiatives. It also would leverage even more state, local and private sector investment in private lands conservation.

IV. Close

In closing Mr. Chairman and Members of the Committee, let me again thank you for the opportunity to comment on the Draft Farm Bill Concept Paper. The next Farm Bill can give those of us in the conservation and agricultural communities an opportunity to demonstrate our commitment to protecting and improving America's precious natural resources.

The best way to convince those who want to regulate our conservation behavior is to beat them to the punch and voluntarily do the right thing. Most farmers and ranchers are more than willing to, but they need help. They need the knowledge, the science, and the technical and financial assistance to fully provide the benefits the public wants.

America's conservation districts believe the concepts outlined in the Committee's draft are a positive step in recognizing the value and importance of conservation on the nation's private working lands. However, we urge the Committee to go further and consider our proposal to extend stewardship incentives to all working lands. By reaching far more producers, providing for more local control and by delivering conservation assistance more effectively and efficiently, our new model would provide far greater benefits across the landscape than the current menu of highly targeted, limited-reach programs.

The investment required to implement this vision will be significant – we estimate that a fully functioning incentives program with all producers participating could cost up to \$8 billion annually. But we need to keep in mind that preventing resource problems now is far less costly than solving them later. We also need to consider the return we will get on that investment: better soil; cleaner water; greater profits; and a brighter future.

Finally, as we listened to our members – district officials and employees – and the producers they are so close to, we developed the following principles that guided us in developing our recommendations. We urge you to keep these in mind as you develop your draft into a final Farm Bill.

- Maintain a voluntary, incentive-driven approach to help private landowners and managers protect their soil, water, wildlife and related resources.
- Increase local leadership and involvement in carrying out programs, setting priorities, developing policies and advocating natural resource conservation and management.
- Utilize science-based technology in making conservation decisions, including those for accountability and baseline establishment.
- Provide land managers with the technical assistance they need to achieve conservation objectives.
- Emphasize the value of cost-effective conservation practices that, for all Americans, enhance quality of life, restore air and watershed health, and contribute to safe and affordable food and fiber.

We appreciate the opportunity to provide our views.

Attachments

Biographical Sketch of Read Smith
NACD Federal Grant Portfolio